

Message Text

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ACTION EB-08

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WHITE HOUSE FOR SCHLESINGER; FEA FOR O'LEARY AND MALIN;
FPC FOR DUNHAM; EB FOR KATZ

E.O. 11652: GDS
TAGS: ENRG, SENV, CA
SUBJ: GAS PIPELINE: CANADIAN DECISION-MAKING AND NATIVE CLAIMS

1. SUMMARY. BEFORE GOING TO WASHINGTON TRUDEAU WILL
APPOINT A SENIOR CIVIL SERVANT TO COORDINATE THE GAS
PIPELINE DECISION. INDIAN AND NORTHERN AFFAIRS MINISTER
IS DEVELOPING A SCENARIO FOR DEALING WITH LAND CLAIMS
BY IMPOSING (RATHER THAN NEGOTIATING) STANDARDS. CABINET
IS STILL UNPREDICTABLE ON ROUTE CHOICE. TRUDEAU SAYS HE
TAKES THE TIME BIND VERY SERIOUSLY BUT CAN'T BE SURE CANADA
AND US WILL COME OUT ON THE SAME OPTION. END SUMMARY.

2. STUDEAU TELLS ME TODAY FEBRUARY 11 THAT HE WILL FOLLOW
THROUGH ON A SUGGESTION I MADE LAST MONTH AND APPOINT
A SENIOR CIVIL SERVANT TO PREPARE GAS PIPELINE DECISION FOR
CABINET. IDEA WOULD BE TO COORDINATE CONTACTS WITH U.S. AS WELL
AS ECONOMIC ANALYSIS, LAND CLAIM ACTION AND OTHER ASPECTS
TO THAT OTTAWA CAN MOVE FAST ONCE NEB GIVES ITS RECOMMENDATION,
NOW EXPECTED IN JUNE. NOMINATION WILL BE MADE NEXT
WEEK, AS SOON AS TRUDEAU CAN FIND A "SUITABLY PURE"
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CANDIDATE.

3. REGARDING CLAIMS, NORTHERN AND INDIAN AFFAIRS MINISTER
WARREN ALLMAND TOLD ME FEBRUARY 9 THAT THE CABINET IS
UNLIKELY TO MAKE ACTUAL SETTLEMENT A PRECONDITION FOR
PIPELINE DECISION, AND THAT HE PERSONALLY WOULD OPPOSE
DOING SO. HOWEVER, JUSTICE BERGER IS LIKELY TO DO SO,

IN HIS REPORT NOW EXPECTED IN APRIL. GOVERNMENT MUST THUS ADDRESS CLAIMS ISSUE BEFORE PIPELINE DECISON. IN ALLMAND'S VIEW, THE WAY TO DO THIS IS FOR THE GOVERNMENT TO ESTABLISH PRINCIPLES TO GOVERN CLAIMS SETTLEMENT, INCLUDING LAND OWNERSHIP, MINERAL RIGHTS, HUNTING AND FISHING RIGHTS, SUCH LOCAL SELF-GOVERNMENT ISSUES AS COURTS AND SCHOLS, AND THE ESTABLISHMENT OF NATIVE CORPORATIONS. RATHER THAN ATTEMPTING TO NEGOTIATE THESE PRINCIPLES WITH THE (NOW DEEPLY SPLIT) INDIAN AND INUIT COMMUNITIES, ALLMAND PROPOSES TO GO PUBLIC IMMEDIATELY AND TRY TO TAKE THE PROPOSALS TO THE "GRASS ROOTS". STAGE TWO OF THE OPERATION (UNILATERAL ACTION BY THE GOVERNMENT TO LEGISLATE THE PRINCIPLES) NEED NOT COME BEFORE THE PIPELINE DECISION ITSELF, BUT SHOULD FOLLOW RELATIVELY SOON. STAGE THREE WOULD BE ACTUAL CLAIMS SETTLEMENT AND EXECUTION OF THE PRINCIPLES WHICH MIGHT TAKE UP TO A DECADE.

4. ALLMAND REMARKED THAT THE ISSUE OF HOW TO PROCEED WITH THE CLAIMS SETTLEMENT HAD NEVER BEEN TALKED OUT BY THE CABINET, AND THUS THESE ARE HIS VIEWS ALONE. AT MY REQUEST, HE WILL NOT RAISE THE ISSUE WITH TRUDEAU AND ENERGY MINISTER GILLESPIE. HIS INITIAL PREFERENCE WOULD BE TO DELAY ACTION ON THE WHOLE THING UNTIL LATE JULY. I TOLD HIM THAT THERE ARE TWO THINGS WRONG WITH THAT: (A) IT LEAVES TOO LITTLE TIME BEFORE THE U.S. MUST TAKE A DECISION ON SEPTEMBER 1; AND (B) OTTAWA MIGHT GET A BACKLASH IF THE CLAIMS PROPOSAL APPEARED TO BE PUT FORWARD UNDER AMERICAN PRESSURE. BEST SCENARIO FROM THE CANADIAN POINT OF VIEW WOULD BE TO START EARLIER (HOPEFULLY BEFORE THE FPC

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MAKES ITS PUBLIC RECOMMENDATION TO THE PRESIDENT ON MAY 1 AND IF POSSIBLE BEFORE BERGER) SO THAT THE CABINET WOULD BE IN A POSITION TO FORM A JUDGMENT ON THE CLAIMS ISSUE BY MID-SUMMER. ALLMAND AGREED TO PROPOSE THAT TO TRUDEAU.

5. COMMENT: THERE IS LITTLE OR NO CURRENT OPPOSITION IN THE CABINET TO JOINING WITH THE UNITED STATES IN ONE OR THE OTHER OF THE PROPOSED MACKENZIE VALLEY AND ALCAN TRANSMISSION ROUTES.

6. NOR IS THERE AT PRESENT MUCH DECLARED OPPOSITION IN CABINET TO THE MACKENZIE VALLEY ROUTE. BUT EQUALLY THERE ARE FEW CONVINCED SUPPORTERS. TRADE AND INDUSTRY MINISTER CHRETIEN IS ONE, AND IT LOOKS LIKE ENERGY MINISTER GILLESPIE IS BEEOMING ANOTHER. TRUDEAU TELLS ME HE CANNOT NOW PREDICT WHERE THE CABINET WILL COME OUT, BUT CAN'T BE SURE CANADA AND THE U.S. WON'T COME OUT ON DIFFERENT OPTIONS. OTHER POWERFUL FIGURES (NOTABLY FINANCE MINISTER MACDONALD) PROFESS NEUTRALITY ON THE ISSUE BUT ARE PROBABLY NEGATIVELY

INCLINED.

7. WITH THE POLLS AGAINST THEM AND GIVEN THE DIVISIVE EFFECT ANY PIPELINE DECISION WILL HAVE, THE CLEAR PREFERENCE OF THE MAJORITY IN THE GOVERNMENT WOULD BE TO DELAY, OR AT A MINIMUM TO CHOOSE AN ALTERNATIVE (THE ALCAN PROJECT) WHICH MAINTAINS COOPERATION WITH THE UNITED STATES BUT PUTS OFF FOR LATER DECISIONS ON THE MACKENZIE VALLEY. THE LEGISLATED U.S. DECISION TIMETABLE OF COURSE DEPRIVES CANADA OF THE DELAY OPTION, AND IT IS JUST SINKING IN AROUND HERE THAT JUDGE LITT'S DEVASTATING APPRECIATION OF THE TECHNICAL READINESS OF THE ALCAN PROPOSAL COULD DEPRIVE CANADA OF THAT OPTION TOO. THUS WE MAY SOON SEE CANADA SEEKING TO USE ITS NEW COORDINATOR TO KEEP THE ALCAN OPTION ALIVE.

8. FINALLY, WHATEVER ALLMAND SAYS WE SHOULD REMEMBER THAT
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THE CLAIMS ISSUE MAY STILL GET OUT OF HAND, DEPENDING ON THE TONE AND EFFECTIVENESS OF BERGER'S REPORT, AND WHETHER OR NOT THE INDIANS AND INUITS OVERPLAY THEIR HAND.

9. OUR LINE WITH THE CANADIANS SHOULD BE AS FOLLOWS:

(A) WE SHOULD AIM FOR DECISION IN JULY ON WHETHER TO NEGOTIATE FOR A JOINT PROJECT, AND WHICH OPTION TO CHOOSE. (B) IF NECESSARY TO COMPLETE THOSE NEGOTIATIONS, AND TO WORK ON CLAIMS AND ANY PARLIAMENTARY REQUIREMENTS, THE PRESIDENT WOULD CONSIDER DELAYING HIS DECISION BY SEVERAL SEEKS; OTHERWISE HE WOULD HAVE TO GO AHEAD SEPTEMBER 1 ON EL PASO (ASSUMING THAT WEREN'T ALREADY HIS PREFERENCE). (C) CANADA SHOULD START AS EARLY AS POSSIBLE, PREFERABLY BEFORE THE FPC AND BERGER REPORTS, TO SET IN TRAIN ITS ACTION ON THE LAND CLAIM ISSUE.
ENDERS

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